

## Message Text

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PAGE 01 PANAMA 02941 261948Z

ACTION ARA-10

INFO OCT-01 ISO-00 SS-15 IO-13 AID-05 STR-04 EB-08

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 1648

INFO AMEMBASSY SAN SALVADOR

PANCANAL

USSOUTHCOM

UNCLAS PANAMA 2941

E.O. 11652: N/A

TAGS: EGEN, EFIN IDB, OCON, PN

SUBJECT: PROPOSED LATIN AMERICAN EXPORT BANK

REF: A) PANAMA 3405 (MAY 1976); B) PANAMA A-056

SUMMARY: PANAMA'S NATIONAL BANKING COMMISSION HAS COMPLETED OUTLINE STRUCTURING PROPOSED LATIN AMERICAN EXPORT BANK AND IS HOLDING REVIEW SESSIONS WITH REPRESENTATIVES OF LATIN AMERICAN CENTRAL BANKS AND U.S. BANKS PRIOR TO IDB ANNUAL MEETING IN MAY. END SUMMARY.

1. EMBASSY IS FORWARDING BY AIR POUCH (SEE REF B) A DOCUMENT ENTITLED "PRELIMINARY BASES FOR THE ESTABLISHMENT OF THE LATIN AMERICAN EXPORT BANK." THE DOCUMENT, WHICH IS DATED MARCH 31, 1977, CONTAINS THE FOLLOWING ELEMENTS: A) INTRODUCTION; B) MINUTES OF THE 23RD MEETING OF LATIN AMERICAN CENTRAL BANK GOVERNORS (SAN FRANCISCO SEPTEMBER 1976); C) REPORT OF THE SPECIAL TECHNICAL COMMITTEE ON FINANCING LATIN AMERICAN EXPORTS; D) STATEMENT OF ASSUMED GUIDELINES; AND E) DRAFTS OF THE CERTIFICATE OF INCORPORATION, BY-LAWS, AND PROJECTION OF BALANCE SHEET 1978 TO 1983.

UNCLASSIFIED

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PAGE 02 PANAMA 02941 261948Z

2. INTRODUCTION EXPLAINS THAT THE TASK ASSIGNED TO PANAMA AT THE SEPTEMBER MEETINGS WAS TO PREPARE A BROCHURE FOR STRUCTURING SAID BANK SO THAT IT MIGHT BE ANALYZED BY THE OTHER LATIN AMERICAN CENTRAL BANKS WITH A VIEW TO THEIR POSSIBLE PARTICIPATION. PRESENT DOCUMENT IS THE PRODUCT OF REVISION OF DRAFTS EXAMINED

AT MEETINGS WITH REPRESENTATIVES OF THE IDB, THE IFC, AND LATIN AMERICAN CENTRAL BANKS EARLIER THIS YEAR. THE NEW INSTITUTION WOULD BE STRUCTURED AS A CORPORATION PURSUANT TO THE PANAMANIAN BANKING LAW AND ITS FORM OF CAPITALIZATION IS PRESENTED AS ALTERNATIVES TO BE APPRAISED BY COUNTRIES CONCERNED.

3. THE EXPORT BANK, WHICH WAS CONCEIVED IN LATE 1974 AND WHICH HAS BEEN UNDER DISCUSSION SINCE 1975, WOULD HAVE AS ITS PRINCIPAL PURPOSE THE REFINANCING OF EXPORTS OF PRODUCTS OF LATIN AMERICAN ORIGIN. IT WOULD BE INCORPORATED UNDER THE LAWS OF PANAMA AS A MULTINATIONAL ENTITY FUNDED AND ADMINISTERED BY 1) PARTICIPATING CENTRAL BANKS, COMMERCIAL BANKS, AND EXPORT PROMOTION ORGANIZATIONS IN LATIN AMERICA; 2) INTERNATIONAL COMMERCIAL BANKS BASED IN PANAMA; AND 3) THE INTERNATIONAL FINANCE CORPORATION. THE BANK IS TO BE CAPITALIZED AT \$100 MILLION AND IT IS HOPED THAT WITHIN FIVE YEARS IT WILL BE ABLE TO REFINANCE EXPORT OPERATIONS AMOUNTING TO \$400 MILLION ANNUALLY.

4. SINCE MID-MARCH THE NATIONAL BANKING COMMISSION OF PANAMA HAS BEEN HOLDING A SERIES OF MEETING WITH REPRESENTATIVES OF THE CENTRAL BANKS OF DIFFERENT LATIN AMERICAN COUNTRIES, ABOUT HALF A DOZEN AT A TIME, TO REVIEW THE PROPOSALS. FIRST SESSION WAS ATTENDED BY COSTA RICA, GUATEMALA, JAMICA, NICARAGUA, AND THE DOMINICAN REPUBLIC, AND SECOND SESSION BY BOLIVIA, COLOMBIA, CHILE, ECUADOR, PARAGUAY AND URUGUAY.  
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PAGE 03 PANAMA 02941 261948Z

5. EMBASSY HAS LEARNED THAT THERE IS TO BE A MEETING IN NEW YORK CITY MAY 17 AND 18 TO DISCUSS THIS FURTHER WITH BANKS IN THE UNITED STATES. WE PRESUME IT WILL ALSO BE A SUBJECT FOR DISCUSSION AT THE ANNUAL MEETING OF THE IDB IN SAN SALVADOR BEGINNING END OF MAY.  
JORDEN

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